



EXCHANGE

A NEWSLETTER FOR MEMBERS OF THE ONTARIO TEACHERS' PENSION PLAN

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**SAME-SEX
PARTNERS
NOW ELIGIBLE
FOR BENEFITS**

RRSP room won't be affected until next year

The lower CPP reduction that took effect January 1, 1999, will lower the available RRSP contribution room during the 2000 tax year, and not this year as we previously reported.

Revenue Canada has agreed to delay reducing your RRSP contribution room until the 2000 tax year.

For most full-time teachers, the available RRSP room will be

reduced by about \$2,200 in 2000. There is an additional permanent reduction of about \$260 per year beginning in 2000.

You can continue to maximize your RRSP contribution room for the 1999 taxation year. Next year, however, you'll need to allow for the reduced contribution room to avoid overpayment and a possible penalty.

The lower CPP reduction factor was announced with the 85-factor window last April. For most teachers, this benefit improvement will add about \$880 to their annual pension after age 65. The rate used to calculate the reduction to your teachers' pension after age 65 was lowered to 0.6% from 0.68% on January 1, 1999.

Each year since 1990, teachers have received a pension adjustment or PA. The PA takes into

account the benefit entitlement formula of the Teachers' pension plan. The PAs that were issued to you for service from 1990 to 1998 would have taken the old CPP reduction rate into account; however, your benefit entitlement for those years is now based on the new rate. For most teachers, the difference in the CPP reduction factor over nine years will reduce the available RRSP room by \$2,200 for the 2000 tax year only. The new rate also results in an additional permanent reduction to RRSP room of about \$260 per year.

We will issue to you in February 2000 an Exempt Past Service Pension Adjustment, which indicates the reduction to your RRSP room. 



*Based on an average salary for full-time teachers of \$58,000 and a Pension Adjustment of \$7,820.

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HAVE Your SAY...

PART-TIME, OCCASIONAL TEACHERS

"I'm a part-time teacher and I had no idea that supply teaching would have such an impact on my best-five average salary. Please let other part-time teachers know about the possible impact."

K.A., Bolton

If you're close to retirement and teaching on a part-time contract, supplementing your income with an occasional supply-teaching assignment may reduce your pension. In some instances, this can result in hundreds of dollars less in pension per year.

The rate of pay for occasional teaching can be significantly less than the rate for part-time contract. Both rates are used when determining your annual rate for that school year. Although the extra days increase your credit, if you're nearing retirement this can reduce your average best-five years' salary and result in a smaller pension.

Our advice? If you're close to retirement, be cautious. Contact one of our pension benefit specialists before you decide to accept that occasional teaching job.

because earning a few extra dollars now may cost you more in lost pension income.

SUN MEDIA

"How much of Sun Media do we still own?"

P.G., Toronto

We sold all our shares of Sun Media to Quebecor.

After fighting off a takeover bid from Torstar Corp., Sun Media accepted a rival deal from Quebecor in early December.

Quebecor offered an all-cash bid of \$21 a share. Sun Media is the second largest newspaper chain in Canada and includes 57 weekly newspapers and the Sun dailies in Calgary, Edmonton, Ottawa and Toronto.

Teachers' pension plan closed its investment in Sun Media when it sold its 7.6 million shares to Quebecor. Teachers' first invested in Sun Media in August 1996, when we helped to finance management's purchase of the then Toronto Sun Publishing from Rogers Communications Inc.

During the 28 months that we invested in Sun Media, the Teachers' pension plan earned a substantial return on the original investment. We bought at \$5 a share and sold at \$21. ☺



**that applying to
buy credit is not
an obligation to
make the purchase**

If you just returned to work from an employer-approved leave of absence and you're not sure if you want to purchase the pension credit, apply while you're deciding and you won't have to worry about missing the application deadline.

When you apply, you'll receive an estimate of the cost. If later you decide not to make the purchase, that's fine. Applying to purchase credit is not an obligation to pay.

You have one year from your return to work to apply and, depending on the type of leave, either three or five years to complete the purchase.

If you miss the deadline, the cost of the leave is calculated on an actuarial basis and may be considerably more expensive. ☺

Teaching credentials needed for pension plan

With only a few exceptions, teachers contributing to the pension plan must be certified to teach in Ontario—this means belonging to the Ontario College of Teachers (OCT).

EXCEPTIONS TO THE RULE

If you are on an employer-approved leave of absence and allow your membership in OCT to lapse, you may still be eligible to purchase

credit for the leave, provided you meet the necessary purchase requirements. Once you return to teaching, you'll need to have your membership in OCT reinstated to continue as an active member of the Teachers' pension plan.

It may be practical to maintain your OCT membership during a leave. Maintaining your membership also eliminates the cost of reinstatement.

You can contribute to the plan without OCT membership if you are:

on an employer-approved leave of absence

receiving 100% long-term disability insurance

teaching at certain post-secondary institutions

OCT membership must be reinstated when you return to teaching.

THE TEACHERS' PENSION PLAN AT A GLANCE

FINANCIAL PROFILE

(as of December 31, 1998):

- With net assets of \$59.1 billion, Teachers' is one of the largest pension plans in Canada
- Rates of return: annual 9.9%; four-year average 15.3%

For more details, see the enclosed 1998 Report to Members

BENEFIT HIGHLIGHTS

- Annual pension = 2% X average best-five salary X years of credit
- 85-factor window from June 1, 1998, to December 31, 2002
- Unreduced pension at the 85 factor (90 after the window); 35 years of

credit; or age 65—whichever comes first

- Factor = age plus qualifying years of service
- A partial year of teaching usually counts as a full qualifying year when determining your factor (except in the first and the final year of teaching)
- Teachers are eligible to repay refunds and buy pension credit for employer-approved leaves of absence—cost is contributions plus interest if you apply within one year of your return to teaching
- Pension is fully index to inflation to a maximum of 8% per year with carry-over provision
- Survivor pension for spouse or eligible children; automatic 60%, may be reduced to 50% or increased to a much as 75%

You can also contribute to the pension plan without OCT membership if you're receiving 100% long-term disability insurance or teaching at certain post-secondary institutions, such as a faculty of education or college of applied arts.

In every other instance, either OCT membership, or Letter of Permission, is a requisite for contributing to the Teachers' pension plan.

If you have a disagreement with the college regarding your qualifications, you should continue to make pension contributions while the matter is being resolved.

The Ontario Teachers' Federation recommends that teachers maintain their OCT membership in all circumstances.

- Contributions: 7.3% to CPP maximum, 8.9% thereafter, with matching contribution from the Ontario government and participating private schools

PENSION PLAN OPERATIONS

- Mandate is to administer the plan and to manage its investments to earn the best possible rate of return at a moderate level of risk
- The sponsors, the Ontario government and the Ontario Teachers' Federation, jointly have the authority to make changes to plan benefits
- News and reference material is available on the web site: www.otpp.com

GOVERNING LEGISLATION

- Teachers' Pension Act
- Income Tax Act
- Pension Benefits Act



DUDLEY DOOMSAVER

“ I probably won’t live long enough to receive all the money I’ve contributed to the pension plan. ”

CONSIDER THIS:

- The average full-time teacher will contribute \$217,000 (with interest) during his or her career.
- Most teachers will exhaust their contributions and interest during the first five to eight years on pension.
- The typical teacher retires at age 56 and can expect to collect an indexed pension for about 25 years (30 years for women).
- And don’t forget survivor benefits your spouse will collect during his or her lifetime after you die.

Same-sex partners now eligible for survivor pensions

An Ontario court decision last December effectively changes the definition of spouse in the Ontario Pension Benefits Act to include same-sex couples. This means that same-sex partners are now eligible for preretirement death benefits or survivor pensions.

The ruling remains in effect while the Ontario government appeals the court decision.



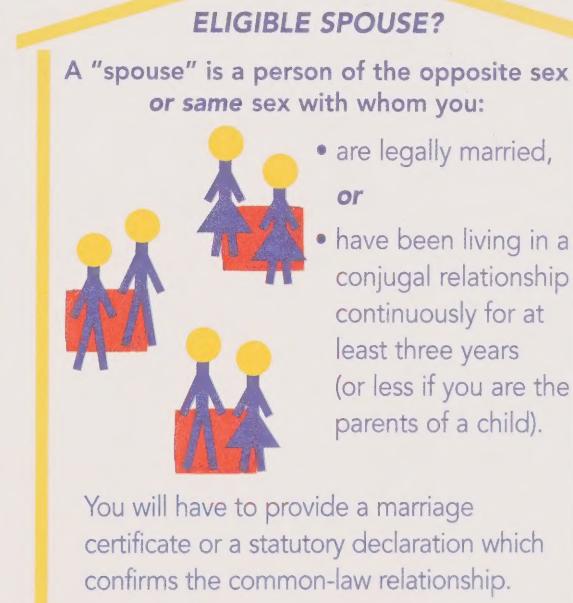
As with all personal matters concerning your pension, the information is strictly confidential.



you have been living in a conjugal relationship for at least three years.

SURVIVOR PENSIONS

Unless you and your spouse decide otherwise, when you die after retirement your spouse automatically receives 60% of your teachers' pension. You and your spouse can reduce your survivor's pension to 50%, or increase it to as much as 75%.



If you would like the name of your same-sex partner added to your file, telephone us. You'll need to provide a statutory declaration to confirm that

For more information about your survivor options, refer to the brochure *Your Pension Plan Guide*, which was sent to you with the previous issue of *Exchange*. 

How we invest—the latest in a continuing series

\$1.9B real estate portfolio gathers choice properties

Teachers' has invested in some of the best property in Canada. With 22% ownership in Cadillac Fairview, Teachers' is the single largest shareholder in a company that owns such real estate gems as the Toronto Eaton Centre.

Teachers' also owns a number of premier properties, such as the Waterfront Centre in Vancouver and a 50% stake in the office building at 1 Queen Street East in Toronto.

Although real estate is the smallest of our asset classes, it has about \$1.2 billion in directly owned properties and \$700 million of equities in real estate companies and investment funds.

"We have the highest quality real estate portfolio of office and retail space in Canada," says Brian Muzyk, Vice-President, Real Estate. Real estate contains some well known investments including Markville Mall in Markham and Polo Park Mall in Winnipeg.

Last year Teachers' also acquired a 50% interest in the Shell Centre, a Calgary office tower, and initiated the \$162 million renovation of Calgary's Chinook Centre, the largest shopping centre redevelopment project in Canada.

Our real estate strategy is driven by partnerships with property management and property investment specialists. In North America, we take equity positions in select

companies, such as Cadillac Fairview, and then invest in properties with them.

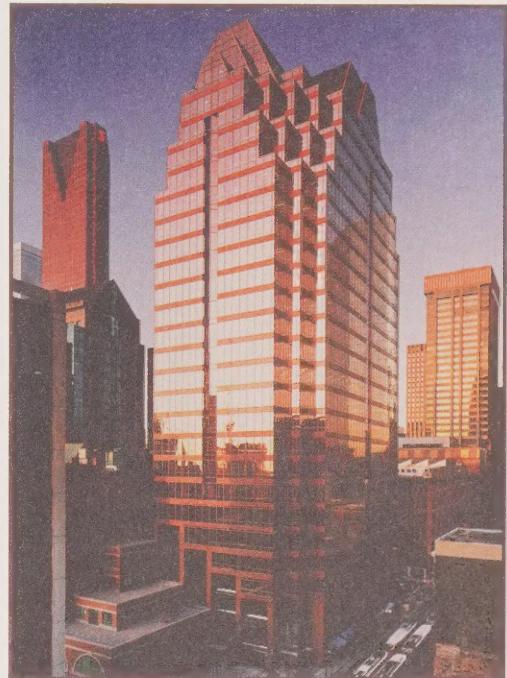
RECENT INVESTMENT

Last year we invested US \$150 million for 10% ownership of The Macerich Company of Santa Monica, California. Macerich is a real estate investment trust involved in the acquisition and redevelopment of regional malls throughout the U.S.

Teachers' and Macerich completed the purchase of three malls in Washington State and one mall in Oregon in February. The purchase of a commercial office property

in Redmond, Washington will be concluded soon.

Outside North America, we have committed US \$400 million to three investment funds that enable us to participate in property opportunities in major developed and emerging markets around the world.



One Queen Street East, Toronto



Muzyk

The Bricks and Mortar

Regional Shopping Centres:

- Fairview Park Mall, Kitchener (75% ownership)
- Georgian Mall, Barrie (75% ownership)
- Hillcrest Mall, Richmond Hill
- Intercity Shopping Centre, Thunder Bay
- Markville Shopping Centre, Markham
- New Sudbury Centre, Sudbury
- Polo Park Mall, Winnipeg
- Southland Mall, Regina
- Chinook Centre, Calgary
- Richmond Centre, Vancouver



U.S. Properties:

- Cascade Mall, Burlington, Washington (49% ownership)
- Kitsap Mall, Silverdale, Washington (49% ownership)
- Redmond Town Center, Redmond, Washington (49% ownership)
- Washington Square, Portland, Oregon (49% ownership)

Office Properties:

- Granville Square, Vancouver
- Granville Square II, Vancouver
- 1 Queen Street East, Toronto (50% ownership)
- Shell Centre, Calgary (50% effective ownership)
- The Station, Vancouver
- Waterfront Centre, Vancouver



UPCOMING OTF RETIREMENT WORKSHOPS

Attend an OTF weekend workshop and you'll gain useful tips to help you prepare for retirement. A team of pension benefit specialists will also be there to give you an overview of pension plan and to answer your questions. For more information, call your local federation or association.

Workshop Schedule

Sept. 17-18 Sudbury
Oct. 1-2 Cochrane
Oct. 1-2 Fort Frances
Oct. 15-16 Orangeville
Oct. 29-30 Belleville



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www.otpp.com



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All our publications are sent to you at your home address, including information of personal interest to you, such as your annual statement of benefits. If we don't know where you are, we can't reach you!

NAME _____

SIN _____

ADDRESS _____



TEACHERS' IS Y2K READY

Teachers' pension plan is ready for the year 2000.

"I can assure our members that we are ready to process their entitlement requests for the year 2000," says Al Reesor, Sr. Vice-President, Client Services and CIO. The Teachers' pension plan has the



Reesor

advantage of having relatively new information systems, designed to be year-2000 ready. However, Teachers' is dependent on several external systems for services such as

data collection from school boards and investment market data.

We've been working with the external organizations to ensure they'll also be ready.

The Y2K problem affects older computer programs that use two digits rather than four to denote dates. This leaves the computer program confused by the year 2000, which it reads as "00." Without correction, the affected systems will malfunction.

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EXCHANGE

is a publication prepared by the Ontario Teachers' Pension Plan Board. We welcome your comments and suggestions.

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